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WSI PERFORMANCE EVALUATION

BACKGROUND

The 1997 Legislature enacted North Dakota Century Code (NDCC) section 65-02-30 requiring a performance evaluation of Workforce Safety and Insurance (WSI) be conducted biennially. The statute's language initially required a "performance audit." The Attorney General indicated the use of the term "audit" required the evaluation to be conducted by a CPA firm. The 1999 Legislature changed the term "audit" to "evaluation" to enable consulting firms with expertise in workers compensation to conduct the examination.

In order to ensure the performance evaluation was independently conducted, the statute provided the State Auditor's Office with the authority to determine the scope of the evaluation and to select the vendor to conduct the examination. In addition, the original legislation included specific language requiring certain elements to be included in the performance evaluation. For example, every other performance evaluation was required to include an evaluation of the effectiveness of safety and loss prevention programs.

The 2009 Legislature significantly changed the process surrounding the determination of the scope of the WSI performance evaluation. As stated previously, prior to this action by the Legislature, the State Auditor's Office determined the scope of the performance evaluation. Changes made by the 2009 Legislature resulted in the Workers' Compensation Review Committee being authorized to select up to four elements to be included in the performance evaluation. The State Auditor's Office will select the remaining elements up to a maximum of eight total elements. The statute does allow the maximum number of elements to exceed eight in "exceptional circumstances." The performance evaluation is required to be presented to the Workers' Compensation Review Committee.

We will include the elements selected by the Workers' Compensation Review Committee in the scope section of the request for proposal (rfp), in addition to the four elements selected by the State Auditor's Office. We will also evaluate the bids submitted and select the vendor to conduct the performance evaluation.

Performance evaluations were conducted of WSI every two years starting in 1998 and continuing through 2010. The 2011 Legislature modified the statute to require a performance evaluation once every four years. The 2010 performance evaluation contained 50 recommendations and cost approximately \$226,000 (which is paid by WSI).